

**NOVA SCOTIA UTILITY AND REVIEW BOARD**

**IN THE MATTER OF THE PUBLIC UTILITIES ACT**

- and -

**IN THE MATTER OF AN APPLICATION** of the **MUNICIPALITY OF THE DISTRICT OF EAST HANTS**, on behalf of its **Water Utility**, for Approval of Amendments to its Schedule of Rates and Charges for Water and Water Services and its Schedule of Rules and Regulations

**BEFORE:** Richard J. Melanson, LL.B., Member

**APPEARING:** **MUNICIPALITY OF THE DISTRICT OF EAST HANTS**

Kim Ramsay  
Director of Finance and Administration

Jesse Hulsman  
Director of Infrastructure and Operations

Janice Taylor  
Manager of Finance

Dan Harroun  
Manager of Public Works

Jonathan Wilson  
Accountant and Budget Analyst

**HEARING DATE:** March 7, 2017

**DECISION DATE:** **May 12, 2017**

**DECISION:** **Schedule of Rates and Charges approved, as amended.  
Schedule of Rules and Regulations approved, as amended.**

## I SUMMARY

[1] The Municipality of the District of East Hants (“Municipality”) applied to the Nova Scotia Utility and Review Board (“Board”) on behalf of its Water Utility (“Utility” or “Applicant”) for amendments to its Schedule of Rates and Charges for Water and Water Services and its Schedule of Rules and Regulations pursuant to the *Public Utilities Act*, R.S.N.S. 1989, c. 380 as amended (“Act”). The existing Schedule of Rates for Water and Water Services and Schedule of Rules and Regulations have been in effect since April 1, 2012, and April 1, 2010, respectively. As a part of the last application in 2010, the Board also approved the amalgamation of the Shubenacadie Water Utility and the Regional Water Utility to form the Utility.

[2] A rate study to support the Application (“Rate Study”), dated September 12, 2016, was prepared by Utility staff, and was submitted to the Board on November 1, 2016. Information Requests (“IRs”) were issued by Board staff on December 16, 2016, and responses were filed on February 1, 2017. The IR responses included revised Worksheets and Schedules of the Rate Study which corrected typographical errors (“typos”), including the average consumption for the 1.5” meter size customer. The revisions had no impact on the rates proposed.

[3] The Application proposed rate increases for the fiscal years 2017/18, 2018/19, and 2019/20 (“Test Years”). For 5/8” meter residential customers, based upon average quarterly consumption, the proposed increases in each of the Test Years are 9%, 8% and 3%, respectively. For all other metered customers, based upon the average quarterly consumption of each meter size, the proposed rate increases are between 4% to 13% in 2017/18, 5% to 9% in 2018/19, and 3% in 2019/20. The correction of the

average consumption for the 1.5" meter size customers resulted in a proposed average increase in 2018/19 of 9%, compared with the 5% figure indicated in the original Rate Study.

[4] The Application also proposed amendments to the annual public fire protection charge to be paid to the Utility by the Municipality for the provision of water for fire protection service. The total annual public fire protection charge is proposed to decrease by 2% in 2017/18, and increase by 4% and 2% in each of 2018/19 and 2019/20, respectively.

[5] A public hearing was held at the Municipality's Council Chambers on March 7, 2017, after due public notice. The Utility was represented by: Kim Ramsay, Director of Finance and Administration; Jesse Hulsman, Director of Infrastructure and Operations; Janice Taylor, Manager of Finance; Dan Harroun, Manager of Public Works; and Jonathan Wilson, Accountant and Budget Analyst. The Board received two letters of comment prior to the hearing, which questioned the average residential consumption amounts indicated in the Application, and noted concerns with respect to the magnitude of the proposed rates. There were no formal intervenors in the proceeding and no requests to speak.

[6] The Schedule of Rates and Charges and the Schedule of Rules and Regulations are approved, as amended and requested by the Utility.

## **II INTRODUCTION**

[7] The Utility serves customers in the communities of Enfield, Elmsdale and Lantz, which were previously served by the Regional Water Utility, and Shubenacadie, previously served by the Shubenacadie Water Utility. Although there has been an

increase to the Municipality's serviceable boundary area since the last rate application, the Utility has not, to date, expanded to service any of the new area.

[8] The source of water for the area serviced by the former Regional Water Utility ("Regional Area") is the Shubenacadie River, which is piped to the Enfield water treatment plant. In 2010, an engineered spring, which is a pumping station in Horne Settlement, was constructed to pump water from Grand Lake to the Shubenacadie River during low flow conditions, to allow a minimum supply of raw water to the Enfield plant. The Regional Area has three water towers and the Utility has a bulk water station located in Enfield.

[9] Included in the Application are two capital projects for water mains in the Regional Area for which the Utility has received funding from the Clean Water and Wastewater Fund ("CWWF"). One project is the construction of a new 4.25 km main from the Enfield water treatment plant to the distribution system in Enfield and Elmsdale. The other project is the construction of a new 2.1 km water main from the Elmsdale area to the Lantz tower. In two separate letters dated February 22, 2017, the Utility requested Board approval of these capital projects, which the Board will review as a part of the Application.

[10] The Shubenacadie area has a groundwater source of supply which is treated at the Shubenacadie water treatment plant, which was constructed in 2011. Prior to this, the area's source of supply was Snide's Lake. In addition, a new water tower for the area was commissioned in 2010. This new infrastructure has helped to improve water quality and water services in the Shubenacadie area, including the lack of adequate fire flows noted in the last rate application.

[11] The Utility's amount of non-revenue water was discussed as a part of the 2010 application, at which time it was noted that annual water audit and leak detection activities were planned. The current Application noted that approximately 30.5% of the water treated and produced is lost to unknown causes. The Utility explained that due to increased pressure associated with the new Shubenacadie water treatment plant, there was an increase in main breaks, which have since decreased due to a greater emphasis on activities focused on identifying and dealing with main repairs. In addition, a water loss audit was conducted in 2010/11 and a condition assessment, scanning 78% of the Shubenacadie distribution system, was completed in 2015.

[12] The Application identified a source of measured water loss as the under-reporting of metered usage due to approximately 60% of the Utility's meters being in use for more than 20 years, the industry standard life span. It was further noted that the existing meters and equipment are becoming obsolete, which has resulted in difficulty in both sourcing meters and repairing the meter reading equipment. The Utility does not have a meter replacement program in place and has traditionally added approximately 100 new meters annually due to existing meter failure, or for new installations.

[13] The Application included a water meter replacement program which proposes to replace all meters within a five-year period, beginning in the Test Years. The Utility noted that, based upon industry data, it is expected that water losses can be reduced by approximately 2% with the project, in addition to dealing with the current aging asset issue. In a letter to the Board dated March 8, 2017, the Utility requested Board approval of the program, which the Board will consider as a part of the Application.

[14] The Utility has approximately 2,700 metered customers, of which approximately 90% are residential, the remainder being commercial or industrial customers. The Application projects growth of ten 5/8" meter, residential metered customers in each of the Test Years, two 1.5" meter customers in 2017/18 and one 1.5" meter customer in 2018/19.

[15] The Application was presented to the Board based upon the current financial requirements of the Utility, including the increasing cost of operations and the budgeted capital program.

### **III REVENUE REQUIREMENTS**

#### **(A) Operating Expenditures**

[16] In response to the IRs, the Applicant explained that there was an immaterial error in the 2015/16 Utility Financial Statements which were prepared and previously filed with the Board. It was noted that the Rate Study contained the correct information and the revised Financial Statements were filed. The Rate Study indicated that in the 2015/16 fiscal year, the Utility had an excess of expenditures over revenues of \$45,221, with an accumulated operating surplus, as presented in the restated 2015/16 Financial Statements, of \$1,350,663. It is projected that without a rate adjustment, the excess of expenditures over revenues will increase annually to \$341,659 at the end of the 2019/20 fiscal year.

[17] Ms. Ramsay explained that although the Utility had an accumulated surplus balance of \$1.35 million as at March 31, 2016, it will be reduced to \$0 within three or four years at the current projections, or with an unexpected number of main breaks, justifying the timing of the current Application. The Applicant further noted that increasing operating

costs, combined with decreasing consumption, and thus a reduction of revenue, has contributed to the recent operating deficit situation.

[18] The Utility operates an annual budget of approximately \$2.3 million. The Applicant explained its budgeting process consists of the preparation of expense estimates, based upon prior year results, by the various departments, and an estimate of revenues, based upon average trends, by the Department of Finance and Administration. After review with the CAO, and approval, the budget is presented to Council for approval.

[19] The Applicant stated that a portion of the Utility's administrative costs, such as salaries, benefits, and other common costs shared with the Municipality, are allocated using a formula, with the Utility charged 44% of the systems-related overhead costs. All direct Utility related costs are posted to the related Utility cost centre.

[20] The Application provided explanations for the projections of the various operating expense items, with further details provided in the IR responses. The source of supply expense is projected to decrease from a forecasted amount of \$28,000 in 2016/17 to \$17,500 in each of 2017/18 and 2018/19, and increase to \$18,500 in 2019/20. It was explained that the budget in 2016/17 was increased due to additional costs associated with capping wells and collecting and sampling raw water samples in the Shubenacadie system, which are not expected to continue during the Test Years.

[21] The power and pumping expense is budgeted to decrease by approximately \$20,000 in 2017/18 due to changing the purchase of meters as a pumping operating expense to a capital expense on a go-forward basis. In the remaining Test Years, the power and pumping expense is projected to increase by approximately 3% and 0.4%, respectively, which includes expected increases in the cost of power purchased.

[22] The water treatment expense is projected to increase by 1%, 3% and 1%, respectively in each of the Test Years. The Application noted that the larger increase in 2018/19 is mainly due to a projected increase in chemical costs, as the current supply contract expires in 2017/18.

[23] The transmission and distribution expense increased from \$558,653 in 2014/15 to \$681,920 in 2015/16, with a budgeted increase to \$723,067 in 2016/17. The Applicant explained that the 2015/16 budget includes the distribution system scanning project to identify leaks, while the 2016/17 budget includes the easement costs for one of the two transmission main projects. In response to the IRs and further discussed at the hearing, the Applicant noted that its auditors recommended that the easement costs for the main projects be treated as operating expenses, as it is an intangible asset that allows for right of way access. Ms. Ramsay clarified that the inclusion of the easements as an operating expense has no impact on rates, as it is funded through reserves. It was further noted that with the removal of these large projects from the transmission and distribution expense, the forecasted amounts are \$550,235 in 2015/16 and \$548,067 in 2016/17.

[24] The transmission and distribution expense is projected to increase from the 2016/17 forecasted amount by 3% in 2017/18, 2% in 2018/19 and 1% in 2019/20. The largest transmission and distribution expense item relates to maintenance of mains, which the Applicant noted is projected to increase by an additional \$15,000 in 2017/18 due to the purchase of leak detection equipment, which it is anticipated will generate additional repairs.



[25] The administration and general expense is budgeted to increase by approximately 1% annually throughout the Test Years. In response to the IRs, the Utility filed revised notes explaining the projected increases in the various cost items.

[26] The projected depreciation expense in each of the Test Years is based upon the planned capital additions. The Utility stated that the depreciation rates used for the various asset classes are consistent with the guidelines set out in the Water Utility Accounting and Reporting Handbook ("*Accounting Handbook*"), with the exception of vehicles, which are amortized over four years, with a residual value of \$10,000, compared with the 20% depreciation rate in the *Accounting Handbook*.

[27] The Utility confirmed that the contributed asset depreciation is included in the Utility's revenue requirements to determine the proposed rates. However, it noted that further clarification is required with respect to section 3035 – Capital Assets of the *Accounting Handbook*.

[28] The Utility provided projected operating and capital fund balance sheets in response to the IRs, which showed a decrease in the accumulated operating surplus in 2017/18 with the proposed rate increase. Ms. Ramsay explained that that Utility has requested a phasing-in of the consumption rates in the first two Test Years in order to reduce the rate impact to customers, which will create a deficit, with break-even rates in the final Test Year.

### **Findings**

[29] The Utility is projecting that its operating surplus balance will steadily decrease without an amendment to its rates.

[30] The Board accepts the allocation of costs between the Municipality and the Utility. The Board reminds the Utility to review these allocations on a periodic basis to ensure accuracy.

[31] The Board has reviewed the various operating expenses and the explanations provided for the budgeted amounts. The Board is pleased with the Utility's leak detection efforts and its other initiatives to reduce the amount of unaccounted for water and encourages the Utility to continue with these activities. The Board has considered the inclusion of easements as an operating expense, which it accepts given that there is no rate impact.

[32] The Board finds the projected depreciation expense projections and the explanation provided for the depreciation of vehicles to be reasonable. The Utility has confirmed that the depreciation of contributed assets is included in the revenue requirements, which will create funds for future asset replacement. This is especially important given the external funding of the two large transmission main projects proposed during the Test Years. The Board understands that the Utility may continue to have questions with respect to the interpretation of the *Accounting Handbook*, and advises that if this is the case, these concerns be outlined in correspondence to the Board, to be reviewed as a separate matter.

[33] The Board accepts the operating expenses as contained in the Rate Study. The proposed phasing-in of rates will be discussed below.

**(B) Capital Budget and Funding**

[34] The Rate Study includes the capital budgets for 2016/17 and each of the Test Years. The 2016/17 budget consists of structures (\$150,000), hydrants (\$60,000)

and transmission mains (\$177,500), totalling \$387,500. The 2017/18 budget includes treatment equipment (\$25,000), transmission mains (\$3,381,380), hydrants (\$60,000) and meters (\$242,650), totalling \$3,709,030. The 2018/19 capital budget totals \$313,900 and consists of meters (\$253,900) and hydrants (\$60,000). The capital budget for the final Test Year contains vehicles (\$35,000), hydrants (\$60,000) and meters (\$238,250).

[35] In separate correspondence to the Board, the Utility requested Board approval of the Enfield water transmission main, in the amount of \$1,958,880 and the Lantz water transmission main in the amount of \$1,475,000, for a total cost of \$3,433,880. The Utility explained that the difference between this amount and the total budget for transmission mains in the Rate Study of \$3,558,880 (\$177,500 plus \$3,381,380) relates to a third, smaller project on Evergreen Crescent, in the amount of \$125,000.

[36] The Applicant explained that the two water main projects were identified in a 1999 Study which investigated the long-term improvement requirements for water service to the area. The proposed projects will improve the security of water service through providing secondary routing of the water supply and supporting the needs of the system which has outgrown its previous flow design. Each of the projects have received funding of 75% of the estimated capital cost through the CWWF program, with the remainder of the funding to come from the Municipality's Capital Reserves and Obligatory Reserves accounts.

[37] In a letter to the Board dated March 8, 2017, the Utility requested Board approval of its five-year meter replacement program in the amounts of \$212,150 in 2017/18, \$222,650 in 2018/19 and \$206,250 in each of the remaining three years, noting

that this project is include in the Application. The funding is proposed to come from the Utility's depreciation reserve, which currently has a balance of approximately \$2.3 million.

[38] The proposed meter replacement program will both replace the Utility's existing aging meters and aid in its water loss efforts, as soundings of leaks will be conducted during the meter installations.

[39] The Rate Study sets out the proposed funding of the capital budget:

	2016/17	2017/18	2018/19	2019/20
CWWF		\$2,575,410		
Depreciation	\$222,500	353,400	\$282,650	\$266,250
Capital from Revenue		30,500	31,250	67,000
Obligatory Reserve	165,000	387,375		
Fire Protection Reserve		362,345		
<b>Total</b>	<b>\$387,500</b>	<b>\$3,709,030</b>	<b>\$313,900</b>	<b>\$333,250</b>

[40] In response to the IRs, the Applicant explained that the Obligatory Reserve (Water Infrastructure) is funded through a charge to new development which is collected by the Municipality and set aside to be used to fund projects that extend the current infrastructure. The Fire Protection Reserve was established after it was recognized that there is a need to create a reserve to fund water projects related to fire protection. The Municipality's area tax rate was used to build up the fund. The reserve is used to fund up to 60% of a project cost that has a fire protection component through a transfer from the Municipality to the Utility. Ms. Ramsay confirmed that the reserves can be used for both capital and operating funding.

[41] The Applicant noted that both the Obligatory Reserve (Water Infrastructure) and the Fire Protection Reserve are not located on the Utility's financial statements, but are found on the Municipality's statements. The current balance of the Obligatory Reserve is approximately \$880,000, while the Fire Protection Reserve has a current balance of \$1.2 million.

## **Findings**

[42] The Utility's capital budget included in the Rate Study contains the two major water transmission main projects and the meter replacement program, each of which are the subject of separate capital expenditure approvals requested before the Board. The Utility is able to fund these projects, and the remainder of the capital projects in the Test Years, without debt through the CWWF, both Municipal and Utility reserve funds, and capital out of revenue. The Utility has maintained a healthy Depreciation Fund balance and has sufficient depreciation funds to cover the budgeted costs, and the funding from the Municipality is in place. The capital from revenue appears to be used to fund the smaller, more routine projects, such as hydrants.

[43] The Board finds the proposed capital budget to be reasonable, and approves each of the Enfield water transmission main (Matter No. M07899), Lantz water transmission main (Matter No. M07900), and meter replacement program (Matter No. M07952) projects, as set out in the separate correspondence to the Board.

[44] The Utility is further reminded, for future capital projects, that the inclusion of proposed capital projects in the Rate Study does not constitute Board approval of these projects. Separate Board approval is required for projects in excess of \$250,000 as set out in s. 35 of the *Act*.

### **(C) Non-Operating/Other Revenues and Expenditures**

[45] The other operating revenue projected in the Rate Study relates to sundry/administration fees in the annual amount of \$14,625, and bulk water revenue, in the annual amount of \$33,000. The Utility currently has 129 bulk water customers who obtain water from the bulk fill station in Enfield.

[46] The Applicant explained that the methodology used to calculate the bulk water rate is proposed to change from the previous rate application, as it was deemed to be too high, based upon a review of other bulk water rates by Utility staff. It noted:

...The methodology used is based on the percentage of bulk water consumption versus the total consumption for the water utility. The ratio calculated determined that 3% of water used related to bulk water customers. As a result, the water utility charged 3% of water treatment costs to bulk water customers along with 2.5% of all other costs.

[Exhibit E-4, IR-38]

The Applicant further explained that the 2.5% allocation was calculated for indirect costs other than the water treatment costs. The bulk water rate, with the revised methodology is proposed to increase by 49%, 5% and 2%, respectively in each of the Test Years.

[47] The non-operating revenue consists of investment income of \$5,760 in each of the Test Years. In 2016/17, an amount of \$425,000 is indicated as transfer from the Depreciation Fund, which was discussed during the hearing. Ms. Ramsay noted that it is an offsetting amount to the \$425,000 identified as a non-operating expense for easements. She further confirmed that the easement amount is not included in the calculations for the return on rate base.

[48] The Rate Study included, as a non-operating expense, the debt charges associated with the Utility's existing debt, and capital out of revenue, used to fund the Utility's capital projects in the Test Years, as discussed above. The capital out of revenue is \$30,500 in 2017/18, \$31,250 in 2018/19 and \$67,000 in 2019/20. No new debt is projected in the Test Years. The Board questioned the use of capital from revenue when there is an excess of expenses over revenues. The Applicant explained that it is consistent with its accounting practice to fund small capital projects such as vehicles through accumulated operating surplus.

[49] The Utility's calculated return on rate base, using the assumptions and projections in the Application, are 3.28%, 3.24% and 3.44%, respectively in each of the three Test Years.

### **Findings**

[50] The Board finds the Utility's non-operating and other operating revenue to be reasonable, and accepts it as presented. The Board has considered the Utility's calculation of bulk water charges and approves the rates as proposed.

[51] The Board accepts the non-operating expenditures, including the capital from revenue amounts, given the Utility's accumulated operating surplus balance. However, for future reference, the Board advises the Utility to take into consideration its operating position when preparing capital budgets, to ensure that capital from revenue is not used as a funding source at a time when there is an excess of expenses over revenues, and when other sources of funding, such as from the Depreciation Fund, are available.

[52] The Utility is projecting no new debt in the Test Years to fund its capital budget. The Board accepts as reasonable the calculated rates of return.

### **(D) Allocations of Revenue Requirement**

#### **1. Public Fire Protection**

[53] The methodology used in the Rate Study for the determination of the public fire protection charge is in accordance with the *Accounting Handbook*.

[54] The allocation of utility plant in service to public fire protection is calculated to be 30% in each of the Test Years, compared with the current 33% figure. Based upon the calculations, the fire protection charge is proposed to be amended from the most

recent figure available from the 2015/16 financial statements of \$516,897, to \$508,179 in 2017/18, \$530,474 in 2018/19 and \$543,345 in 2019/20.

[55] The Utility noted that the public fire protection charge to the Municipality is processed for payment on a quarterly basis in conjunction with the water billing cycle.

### **Findings**

[56] The Board accepts the Utility's determination of the fire protection charges, as presented in the Rate Study.

## **2. Utility Customers**

[57] The remaining revenue requirement, after the allocation to the fire protection charges, is to be recovered from the customers of the Utility. The allocations used for the base charge, customer charge, delivery and production are consistent with the methodology used in the last rate application, and are consistent with the *Accounting Handbook*.

[58] There is projected annual growth of ten, 5/8" meter residential customers in each of the Test Years, and two, 1.5" meter customer in 2017/18 and one, 1.5" meter customer in 2018/19, based upon prior years' data and expected growth in the service area.

[59] The Applicant explained that although it has experienced some decrease in water consumption volumes since the last rate application, it does not expect further decreases in the next few years. The average consumption per meter size in the first Test Year (2017/18) is projected to remain the same as the level in 2016/17. However, as previously noted, due to the age of the existing meters, the Applicant believes that the current consumption volume is under-recorded. With the proposed meter replacement



program, a 2% increase in the billable consumption, based upon industry experience, has been projected. Ms. Ramsay clarified during the hearing that the projected 2% increase in consumption is the total over the five-year meter replacement period, which has been prorated on a yearly basis over the Test Years. An error in the average 1.5" meter size average consumption was revised in response to the IRs which has no impact on rates, but changed the average bill for that meter size as presented in the Rate Study.

[60] Ms. Ramsay explained that very little change in base charges are proposed during the Test Years, with a slight decrease in 2017/18. The consumption rates proposed are slightly less than the calculated amounts in each of 2017/18 and 2018/19, which results in a projected revenue deficiency in those years of \$92,557 and \$21,426, respectively. The Applicant explained that it decided to phase-in the new rates in order to ease the financial burden on the customers. In the final Test Year, the calculated, break-even rates are proposed.

[61] The proposed rates include a new base charge identified as a 3" compound meter. The Applicant explained that two customers currently require this size meter which is a device containing two 3" meters, with the second meter beginning to read when the first meter reaches a high volume of water passing through. It was noted that these customers have been paying the equivalent to the 3" meter base charge for each meter, and this Application requests that this 3" compound meter rate be formalized.

[62] The Board received two letters of comment from customers of the Utility. The main issue of concern, other than the rates proposed, was the magnitude of the average residential customer water bill, based upon average consumption. Ms. Ramsay

commented that the variability in water usage among residential customers is significant, with the amount very individual. She added:

...So, yes, the averages aren't necessarily what individual people are experiencing but across the utility for all of those different - - for all of those five-eighths-inch meters that is what our numbers are telling us.

[Transcript, p. 57]

### **Findings**

[63] The Board accepts the base charges as presented in the Rate Study, including the rate for the 3" combined meter, which is simply twice the rate calculated for a 3" meter size.

[64] The Board notes that the majority of recent water utility rate applications have proposed a decrease in water consumption, which has been a general trend. However, given that the Utility's current consumption volumes measured appear to be questionable, the Board accepts the volumes projected in the Rate Study. The Board accepts the methodology used by the Utility in the calculation of consumption rates, including the phase-in of rates, given that the Utility currently has an accumulated operating surplus to "cover" any resulting shortfall in the first two Test Years.

### **(E) Schedule of Rates and Charges**

[65] In addition to the rates for water supply to its customers, the Application proposed amendments to several existing miscellaneous rates and charges to both better reflect the cost to provide the service, and to be more in line with rates charged by other water utilities in the Province.

[66] As a result of a typo in rate item 5 "Rates for Privately Owned Hydrants", the Applicant refiled the corrected Schedule in response to the IRs.

### **Findings**

[67] The Board has reviewed the proposed amendments, as filed in response to the IRs, and finds them to be reasonable.

[68] The Schedules of Rates and Charges for the Test Years are approved as calculated in the revised Rate Study.

### **(F) Schedule of Rules and Regulations**

[69] The response to the IRs listed the proposed changes to the Schedule of Rules and Regulations, which Ms. Ramsay described as being administrative in nature and to provide greater clarity, as well as to move the references to any charges to the Schedule of Rates and Charges.

[70] The Applicant refiled the Schedule in response to the IRs in order to correct typos with respect to Regulation 21 “Cross Connection Control and Backflow Prevention” and Regulation 36 “Pressure Relief Valves”. It further advised that it has an active cross connection control and backflow prevention program in place.

### **Findings**

[71] The Board finds that the proposed changes to the Schedule of Rules and Regulations are reasonable, and approves the Schedule of Rules and Regulations as corrected and filed in response to the IRs.

## **IV CONCLUSION**

[72] The Board approves the Schedule of Rates and Charges for Water and Water Services, as filed in response to the IRs, effective July 1, 2017, April 1, 2018, and

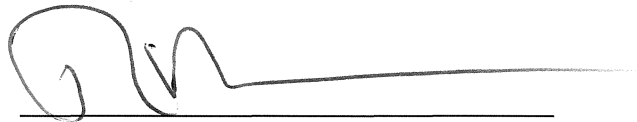
April 1, 2019, as amended by the Utility. The public fire protection charge in 2017/18 is prorated, based upon the effective date.

[73] The Board approves the Schedule of Rules and Regulations as proposed, with the minor typos corrected and filed in response to the IRs, effective July 1, 2017.

[74] The Board further approves the capital expenditures which it received by separate correspondence with respect to the Enfield Water Transmission Main (Matter No. M07899), Lantz Water Transmission Main (Matter No. M07900) and the Meter Replacement/Upgrade Project (Matter No. M07952).

[75] An Order will issue accordingly.

**DATED** at Halifax, Nova Scotia, this 12<sup>th</sup> day of May, 2017.

A handwritten signature in black ink, consisting of a large, stylized initial 'R' followed by a long, horizontal, slightly wavy line extending to the right.

Richard J. Melanson